

29 May 2007

CALLS FOR ACTION CONFIRMED BY LATEST REPORT

The March 2007 quarter HIA/Commonwealth Bank Housing Affordability Index is at its lowest since the index was established in 1984 and is 10 per cent lower than at the same time in 2006.

HIA's Managing Director, Ron Silberberg, said that when it comes to housing affordability all the wrong records are being set.

"This continuing decline confirms previous calls by HIA for a national response to restore housing affordability," Ron Silberberg said.

This is the second consecutive quarter when the Affordability Index has been below 100 and results from median house prices rising by 1.5 per cent in the March quarter.

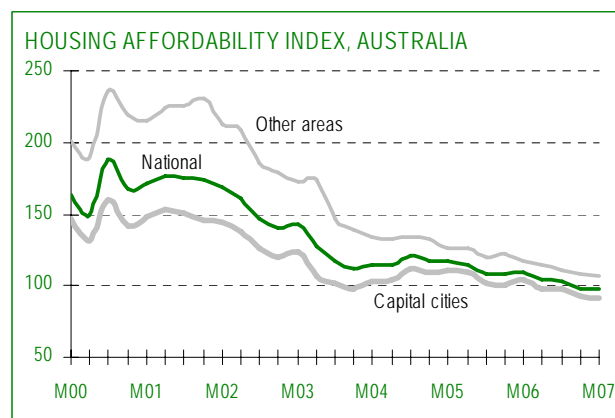
"The housing affordability crisis shows all the signs of structural supply constraints, it is not part of some market cyclical trend that will correct itself," Ron Silberberg said.

Stable interest rates over the last quarter did not prevent a rise in the monthly loan repayment needed on a typical first-home mortgage which increased from \$2,352 to \$2,387. Mortgage repayments now account for 30.7 per cent of an average first homebuyer's income, up 0.2 percentage points on the December 2006 quarter.

Projections from HIA show that if nothing is done, housing affordability could not be restored until the year 2022 and even these projections assume strong wage growth and interest rates remaining low.

"With the Australian economy in great shape and with record national surpluses, more needs to be done to alleviate housing stress and to assist those families battling to afford a roof over their heads," Ron Silberberg said.

"Only a targeted whole-of-government approach will make inroads into what is a massive economic and social challenge for Australia."



Further Information

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QUARTERLY REVIEW OF HOUSING AFFORDABILITY

MARCH QUARTER 2007

MEDIA RELEASE

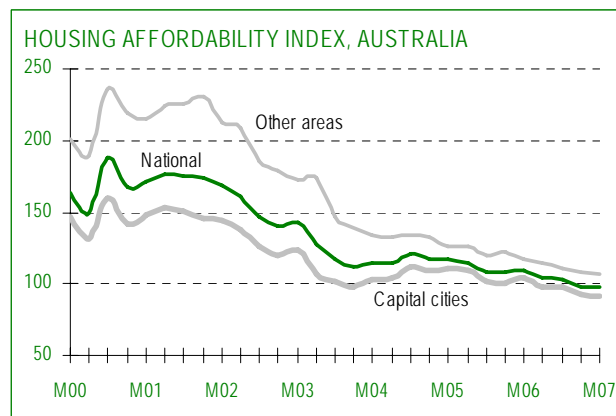
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HOUSING AFFORDABILITY SLIDES FURTHER

The HIA/Commonwealth Bank First Home Buyer Affordability Index fell by 0.6 per cent in the March 2007 quarter and was 10.3 per cent lower than a year earlier.

This is the fourth consecutive decline in affordability and is the result of a 1.3 per cent rise in the median first home price.

The monthly loan repayment needed on a typical first-home mortgage rose from \$2,352 to \$2,387, an increase of 1.5 per cent. Mortgage payments account for 30.7 per cent of total first home buyer income, up 0.2 percentage points on the December 2006 quarter. The ratio held steady as a proportion of household disposable income.



Housing Affordability Index, Australia

Quarter	Median First Home Price	Interest Rate	Monthly Payment	Average Annual Household Income		Qualifying Annual Income		Housing Affordability Index
				Total	Disposable	Total	Disposable	
	\$	%	\$	\$	\$	\$	\$	
2005 Mar	334,100	6.58	1,819	84,800	73,600	72,800	63,200	116.5
Jun	337,000	6.75	1,863	85,700	74,000	74,500	64,300	115.1
Sep	365,100	6.75	2,018	87,100	75,000	80,700	69,500	107.9
Dec	368,700	6.75	2,038	88,200	75,900	81,500	70,100	108.3
2006 Mar	370,500	6.75	2,048	89,300	76,300	81,900	70,000	109.0
Jun	388,200	6.92	2,178	90,500	77,300	87,100	74,400	103.9
Sep	387,300	7.17	2,223	91,200	78,300	88,900	76,300	102.6
Dec	397,800	7.50	2,352	92,600	78,600	94,100	79,900	98.4
2007 Mar	403,800	7.50	2,387	93,400	79,600	95,500	81,400	97.8

- Ends -

Note to Editors:

1. The HIA / Commonwealth Bank Affordability Report uses Commonwealth Bank house price data to measure the ratio of average household disposable income to the qualifying income required to meet payments on a typical dwelling.
For more detailed information on house prices, please refer to the Commonwealth Bank's online Property Value Guide at <http://www.commbank.com.au/propertyvalueguide>.
2. For a full copy of the HIA/Commonwealth Bank Affordability Report (media only), please visit <http://economics.hia.com.au>
3. The Commonwealth Bank is Australia's biggest home lender with over 1.1 million home loan customers.

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